



City of Loma Linda Official Report

Mayor
Floyd Petersen, Mayor pro tempore
Robert Christman, Councilmember
Stan Brauer, Councilmember
Robert Ziprick, Councilmember

COUNCIL AGENDA: May 10, 2005

TO: City Council

VIA: Dennis R. Halloway, City Manager

FROM: James Hettrick, Information System Director
Diana De Anda, Finance Director

SUBJECT: Request Loan from Special Projects Fund (43) to Loma Linda
Connected Communities Program Fund (40).

RECOMMENDATION

Recommend City Council approve \$1,543,000 loan from Special Projects Fund (43) to Loma Linda Connected Communities Program Fund (40) to fund first year operational budget and infrastructure for Quad 1, phase 1. The recommended loan would be for fifteen years with no payments for the first five years, and principal and interest for the following ten years; or payment in full as soon as funds become available to pay outstanding balance. Interest will compound annually based upon LAIF quarterly interest earnings rate.

BACKGROUND

Staff has long been interested in developing and establishing a program that would promote telecommunications in the City and support the resident's use of advancements in the industry. The reasons for this are obvious. Loma Linda is a diverse and unique community with strong ties to its religious, educational and healing arts roots. It is the home of the Loma Linda University, Loma Linda University Medical Center, Loma Linda University Children's Hospital, Loma Linda University Community Hospital, and Jerry L. Pettis Memorial Veterans Medical Center. Local residents tend to be fairly well educated and many have undergraduate degrees. A fair number of residents also have graduate and post-graduate degrees. In comparison to other cities in the East Valley, many of the local residents have home-based businesses and/or telecommute. Given the high percentage of professional people who live and work in the community and the concentration of medical institutions and medical research facilities, Loma Linda is great match for the Connected Community concept.

Based on the preceding, the City Council approved the Loma Linda Connected Community Program as a City policy through the adoption of Ordinance 629 Adopted October 12, 2004.

The loan was originally approved as part of the 2004/2005 fiscal year budget to come from Redevelopment fund (77) bond proceeds. Later Redevelopment Bond Counsel advised us, that non-taxable bond proceeds could not be loaned (even on a temporary basis) for an Enterprise activity such as the Loma Linda Connected Communities Program without losing the tax-exempt status of the bonds. With this in mind the identification of an alternative source of funding is necessary at this time.

ANALYSIS

The Loma Linda Connected Community Program requires that all new development and additions, which exceed 50 percent of the original structure and within the Fiber-Optic Master Plan Area, comply with the Program requirements. The purpose of the Program is to provide Loma Linda business and residents with opportunities for data, multimedia, home automation systems, environmental control, security, audio, sensors, alarms, and intercom. The Program document describes and establishes the standardized requirements for residential and commercial telecommunications cabling systems. The initial intent is to connect new development but the long-term goal is to eventually retrofit the entire community.

The city has been divided into quadrants. The 1st quadrant is primarily the northeast part of the city. Most of new development is occurring in the 1st quadrant of the city; therefore the fiber optic backbone and feeder lines need to be deployed there first. This deployment will allow for the new developments to receive services as new home and business owners occupy the buildings.

ENVIRONMENTAL

In December 2003, City staff determined that the Loma Linda Connected Community Program is exempt from the California Environmental Quality Act (CEQA) pursuant to Section 15303(d) of the CEQA Guidelines. This categorical exemption class applies to the construction of limited, new facilities or structures that support water, sewer, electrical, gas, or other types of utilities or utility extensions.

FINANCIAL IMPACT

The financial impact is \$1,543,000. The cost includes first year operating expenses and the installation of Fiber Optic Backbone and related equipment for Quad 1 Phase 1. The impacted regions will be Barton Road, Mt. View Avenue, Van Leuvan Street, and Mission Road. The expense allocations were included in the 2004-2005 fiscal year budget.

Funding to be provided in the form of a loan from the Special Projects Fund (43) for the term of fifteen years at compounding interest rate equivalent to the quarterly Local Agency Investment Fund (LAIF).

RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LOMA LINDA, CALIFORNIA APPROVING A LOAN FROM THE SPECIAL PROJECTS FUND TO THE LOMA LINDA CONNECTED COMMUNITIES PROGRAM IN THE AMOUNT OF \$1,593,000

WHEREAS, there are sufficient funds in the Special Projects Fund to make a loan in the amount of \$1,593,000 to the Loma Linda Connected Communities Program; and

WHEREAS, the funds will be used to install the fiber optic backbone and related equipment for Quad 1 Phase 1

WHEREAS, the loaned funds will be exclusively used to install the fiber optic backbone and related equipment for Quad 1 Phase 1, impacting the regions of Barton Road, Mt. View Avenue, Van Leuven Street, and Mission Road.

NOW, THEREFORE, the City Council of the City of Loma Linda does hereby resolve as follows:

SECTION 1. It is agreed that \$1,593,000 from the Special Projects Fund will be loaned to the Loma Linda Connected Communities Program.

SECTION 2. The amount of the loan will be paid back over a period of fifteen years or at a future time when funds in the amount of the outstanding balance are available to repay the loan to the Special Projects Fund.

SECTION 3. The loan will be paid back at an interest rate equivalent to the quarterly yield on investments with the Local Agency Investment Fund (LAIF).

PASSED, APPROVED AND ADOPTED this 10th day of May 2005 by the following vote:

Ayes:
Noes:
Absent:
Abstain:

Mayor

ATTEST:

Pamela Byrnes-O'Camb, City Clerk